

H-1735

1 Amend House File 697 as follows:

2 1. Page 475, by striking lines 19 through 23 and
3 inserting:

4 <DIVISION _____
5 EDUCATION FINANCE

6 REGULAR PROGRAM FOUNDATION BASE

7 Sec. _____. Section 257.1, subsection 2, paragraph
8 b, Code 2011, is amended by striking the paragraph and
9 inserting in lieu thereof the following:

10 b. (1) The regular program foundation base per
11 pupil is the following:

12 (a) For the budget year commencing July 1, 2011,
13 the regular program foundation base per pupil is
14 eighty-seven and five-tenths percent of the regular
15 program state cost per pupil.

16 (b) For the budget year commencing July 1, 2012,
17 the regular program foundation base per pupil is
18 eighty-seven and five-tenths percent of the regular
19 program state cost per pupil.

20 (c) For the budget year commencing July 1, 2013,
21 the regular program foundation base per pupil is
22 eighty-eight percent of the regular program state cost
23 per pupil.

24 (d) For the budget year commencing July 1, 2014,
25 the regular program foundation base per pupil is
26 eighty-eight and five-tenths percent of the regular
27 program state cost per pupil.

28 (e) For the budget year commencing July 1, 2015,
29 the regular program foundation base per pupil is
30 eighty-nine percent of the regular program state cost
31 per pupil.

32 (f) For the budget year commencing July 1, 2016,
33 the regular program foundation base per pupil is
34 eighty-nine and five-tenths percent of the regular
35 program state cost per pupil.

36 (g) For the budget year commencing July 1, 2017,
37 and succeeding budget years, the regular program
38 foundation base per pupil is ninety percent of the
39 regular program state cost per pupil.

40 (2) For each budget year, the special education
41 support services foundation base is seventy-nine
42 percent of the special education support services state
43 cost per pupil. The combined foundation base is the
44 sum of the regular program foundation base, the special
45 education support services foundation base, the total
46 teacher salary supplement district cost, the total
47 professional development supplement district cost, the
48 total early intervention supplement district cost, the
49 total area education agency teacher salary supplement
50 district cost, and the total area education agency

1 professional development supplement district cost.

2 DIVISION
3 PROPERTY TAX

4 PROPERTY ASSESSMENT LIMITATIONS

5 Sec. _____. Section 441.21, subsection 4, Code 2011,
6 is amended to read as follows:

7 4. For valuations established as of January
8 1, 1979, the percentage of actual value at which
9 agricultural and residential property shall be assessed
10 shall be the quotient of the dividend and divisor as
11 defined in this section. The dividend for each class
12 of property shall be the dividend as determined for
13 each class of property for valuations established as
14 of January 1, 1978, adjusted by the product obtained
15 by multiplying the percentage determined for that year
16 by the amount of any additions or deletions to actual
17 value, excluding those resulting from the revaluation
18 of existing properties, as reported by the assessors
19 on the abstracts of assessment for 1978, plus six
20 percent of the amount so determined. However, if the
21 difference between the dividend so determined for
22 either class of property and the dividend for that
23 class of property for valuations established as of
24 January 1, 1978, adjusted by the product obtained by
25 multiplying the percentage determined for that year
26 by the amount of any additions or deletions to actual
27 value, excluding those resulting from the revaluation
28 of existing properties, as reported by the assessors
29 on the abstracts of assessment for 1978, is less than
30 six percent, the 1979 dividend for the other class of
31 property shall be the dividend as determined for that
32 class of property for valuations established as of
33 January 1, 1978, adjusted by the product obtained by
34 multiplying the percentage determined for that year
35 by the amount of any additions or deletions to actual
36 value, excluding those resulting from the revaluation
37 of existing properties, as reported by the assessors on
38 the abstracts of assessment for 1978, plus a percentage
39 of the amount so determined which is equal to the
40 percentage by which the dividend as determined for the
41 other class of property for valuations established as
42 of January 1, 1978, adjusted by the product obtained
43 by multiplying the percentage determined for that year
44 by the amount of any additions or deletions to actual
45 value, excluding those resulting from the revaluation
46 of existing properties, as reported by the assessors
47 on the abstracts of assessment for 1978, is increased
48 in arriving at the 1979 dividend for the other class
49 of property. The divisor for each class of property
50 shall be the total actual value of all such property

1 in the state in the preceding year, as reported by the
2 assessors on the abstracts of assessment submitted
3 for 1978, plus the amount of value added to said
4 total actual value by the revaluation of existing
5 properties in 1979 as equalized by the director of
6 revenue pursuant to section 441.49. The director shall
7 utilize information reported on abstracts of assessment
8 submitted pursuant to section 441.45 in determining
9 such percentage. For valuations established as of
10 January 1, 1980, and each assessment year thereafter
11 beginning before January 1, 2012, the percentage of
12 actual value as equalized by the director of revenue
13 as provided in section 441.49 at which agricultural
14 and residential property shall be assessed shall be
15 calculated in accordance with the methods provided
16 herein including the limitation of increases in
17 agricultural and residential assessed values to the
18 percentage increase of the other class of property if
19 the other class increases less than the allowable limit
20 adjusted to include the applicable and current values
21 as equalized by the director of revenue, except that
22 any references to six percent in this subsection shall
23 be four percent. For valuations established as of
24 January 1, 2012, and each assessment year thereafter,
25 the percentage of actual value as equalized by the
26 director of revenue as provided in section 441.49 at
27 which agricultural and residential property shall be
28 assessed shall be calculated in accordance with the
29 methods provided herein including the limitation of
30 increases in agricultural and residential assessed
31 values to the percentage increase of the other class
32 of property if the other class increases less than the
33 allowable limit adjusted to include the applicable and
34 current values as equalized by the director of revenue,
35 except that any references to six percent in this
36 subsection shall be two percent.

37 Sec. ____ . Section 441.21, subsection 5, Code 2011,
38 is amended to read as follows:

39 5. ~~a. For valuations established as of January~~
40 ~~1, 1979, commercial property and industrial property,~~
41 ~~excluding properties referred to in section 427A.1,~~
42 ~~subsection 8, shall be assessed as a percentage of~~
43 ~~the actual value of each class of property. The~~
44 ~~percentage shall be determined for each class of~~
45 ~~property by the director of revenue for the state in~~
46 ~~accordance with the provisions of this section. For~~
47 ~~valuations established as of January 1, 1979, the~~
48 ~~percentage shall be the quotient of the dividend and~~
49 ~~divisor as defined in this section. The dividend~~
50 ~~for each class of property shall be the total actual~~

1 valuation for each class of property established for
2 1978, plus six percent of the amount so determined.
3 The divisor for each class of property shall be the
4 valuation for each class of property established for
5 1978, as reported by the assessors on the abstracts
6 of assessment for 1978, plus the amount of value
7 added to the total actual value by the revaluation
8 of existing properties in 1979 as equalized by the
9 director of revenue pursuant to section 441.49. For
10 valuations established as of January 1, 1979, property
11 valued by the department of revenue pursuant to
12 chapters 428, 433, 437, and 438 shall be considered
13 as one class of property and shall be assessed as a
14 percentage of its actual value. The percentage shall
15 be determined by the director of revenue in accordance
16 with the provisions of this section. For valuations
17 established as of January 1, 1979, the percentage
18 shall be the quotient of the dividend and divisor as
19 defined in this section. The dividend shall be the
20 total actual valuation established for 1978 by the
21 department of revenue, plus ten percent of the amount
22 so determined. The divisor for property valued by
23 the department of revenue pursuant to chapters 428,
24 433, 437, and 438 shall be the valuation established
25 for 1978, plus the amount of value added to the total
26 actual value by the revaluation of the property by
27 the department of revenue as of January 1, 1979.
28 For valuations established as of January 1, 1980,
29 commercial property and industrial property, excluding
30 properties referred to in section 427A.1, subsection
31 8, shall be assessed at a percentage of the actual
32 value of each class of property. The percentage
33 shall be determined for each class of property by
34 the director of revenue for the state in accordance
35 with the provisions of this section. For valuations
36 established as of January 1, 1980, the percentage
37 shall be the quotient of the dividend and divisor as
38 defined in this section. The dividend for each class
39 of property shall be the dividend as determined for
40 each class of property for valuations established as
41 of January 1, 1979, adjusted by the product obtained
42 by multiplying the percentage determined for that year
43 by the amount of any additions or deletions to actual
44 value, excluding those resulting from the revaluation
45 of existing properties, as reported by the assessors
46 on the abstracts of assessment for 1979, plus four
47 percent of the amount so determined. The divisor
48 for each class of property shall be the total actual
49 value of all such property in 1979, as equalized by
50 the director of revenue pursuant to section 441.49,

1 ~~plus the amount of value added to the total actual~~
2 ~~value by the revaluation of existing properties in~~
3 ~~1980. The director shall utilize information reported~~
4 ~~on the abstracts of assessment submitted pursuant~~
5 ~~to section 441.45 in determining such percentage.~~
6 For valuations established as of January 1, 1980,
7 property valued by the department of revenue pursuant
8 to chapters 428, 433, 437, and 438 shall be assessed
9 at a percentage of its actual value. The percentage
10 shall be determined by the director of revenue in
11 accordance with the provisions of this section. For
12 valuations established as of January 1, 1980, the
13 percentage shall be the quotient of the dividend and
14 divisor as defined in this section. The dividend shall
15 be the total actual valuation established for 1979 by
16 the department of revenue, plus eight percent of the
17 amount so determined. The divisor for property valued
18 by the department of revenue pursuant to chapters 428,
19 433, 437, and 438 shall be the valuation established
20 for 1979, plus the amount of value added to the total
21 actual value by the revaluation of the property by
22 the department of revenue as of January 1, 1980. ~~For~~
23 ~~valuations established as of January 1, 1981, and~~
24 ~~each year thereafter, the percentage of actual value~~
25 ~~as equalized by the director of revenue as provided~~
26 ~~in section 441.49 at which commercial property and~~
27 ~~industrial property, excluding properties referred to~~
28 ~~in section 427A.1, subsection 8, shall be assessed~~
29 ~~shall be calculated in accordance with the methods~~
30 ~~provided herein, except that any references to six~~
31 ~~percent in this subsection shall be four percent. For~~
32 ~~valuations established as of January 1, 1981, and~~
33 ~~each year thereafter, the percentage of actual value~~
34 ~~at which property valued by the department of revenue~~
35 ~~pursuant to chapters 428, 433, 437, and 438 shall be~~
36 ~~assessed shall be calculated in accordance with the~~
37 ~~methods provided herein, except that any references~~
38 ~~to ten percent in this subsection shall be eight~~
39 ~~percent. Beginning with valuations established as of~~
40 ~~January 1, 1979, and each assessment year thereafter~~
41 ~~beginning before January 1, 2012, property valued~~
42 ~~by the department of revenue pursuant to chapter 434~~
43 ~~shall also be assessed at a percentage of its actual~~
44 ~~value which percentage shall be equal to the percentage~~
45 ~~determined by the director of revenue for commercial~~
46 ~~property, industrial property, or property valued by~~
47 ~~the department of revenue pursuant to chapters 428,~~
48 ~~433, 437, and 438, whichever is lowest. For valuations~~
49 ~~established on or after January 1, 2012, property~~
50 valued by the department of revenue pursuant to chapter

1 434 shall be assessed at a percentage of its actual
2 value equal to the percentage of actual value at which
3 commercial property is assessed for the same assessment
4 year.

5 b. For valuations established on or after January
6 1, 2012, commercial property, excluding properties
7 referred to in section 427A.1, subsection 8, shall
8 be assessed as a percentage of the actual value, as
9 determined in this paragraph "b".

10 (1) For valuations established for the assessment
11 year beginning January 1, 2012, the percentage of
12 actual value as equalized by the director of revenue as
13 provided in section 441.49 at which commercial property
14 shall be assessed shall be ninety-five percent.

15 (2) For valuations established for the assessment
16 year beginning January 1, 2013, the percentage of
17 actual value as equalized by the director of revenue as
18 provided in section 441.49 at which commercial property
19 shall be assessed shall be ninety percent.

20 (3) For valuations established for the assessment
21 year beginning January 1, 2014, the percentage of
22 actual value as equalized by the director of revenue as
23 provided in section 441.49 at which commercial property
24 shall be assessed shall be eighty-five percent.

25 (4) For valuations established for the assessment
26 year beginning January 1, 2015, the percentage of
27 actual value as equalized by the director of revenue as
28 provided in section 441.49 at which commercial property
29 shall be assessed shall be eighty percent.

30 (5) For valuations established for the assessment
31 year beginning January 1, 2016, and each assessment
32 year thereafter, the percentage of actual value as
33 equalized by the director of revenue as provided in
34 section 441.49 at which commercial property shall be
35 assessed shall be seventy-five percent.

36 c. For valuations established on or after January
37 1, 2012, industrial property, excluding properties
38 referred to in section 427A.1, subsection 8, shall
39 be assessed as a percentage of the actual value, as
40 determined in this paragraph "c".

41 (1) For valuations established for the assessment
42 year beginning January 1, 2012, the percentage of
43 actual value as equalized by the director of revenue as
44 provided in section 441.49 at which industrial property
45 shall be assessed shall be ninety-five percent.

46 (2) For valuations established for the assessment
47 year beginning January 1, 2013, the percentage of
48 actual value as equalized by the director of revenue as
49 provided in section 441.49 at which industrial property
50 shall be assessed shall be ninety percent.

1 (3) For valuations established for the assessment
2 year beginning January 1, 2014, the percentage of
3 actual value as equalized by the director of revenue as
4 provided in section 441.49 at which industrial property
5 shall be assessed shall be eighty-five percent.

6 (4) For valuations established for the assessment
7 year beginning January 1, 2015, the percentage of
8 actual value as equalized by the director of revenue as
9 provided in section 441.49 at which industrial property
10 shall be assessed shall be eighty percent.

11 (5) For valuations established for the assessment
12 year beginning January 1, 2016, and each assessment
13 year thereafter, the percentage of actual value as
14 equalized by the director of revenue as provided in
15 section 441.49 at which industrial property shall be
16 assessed shall be seventy-five percent.

17 Sec. ____ . Section 441.21, Code 2011, is amended by
18 adding the following new subsection:

19 NEW SUBSECTION. 13. Notwithstanding any provision
20 of law to the contrary, beginning with valuations
21 established on or after January 1, 2012, as used in
22 this section, "*residential property*" includes that
23 portion of a building or structure and a proportionate
24 share of the land upon which the building or structure
25 is situated that is used as a primary residence by
26 the person who owns the building even if the use as
27 a primary residence is not the primary use of the
28 building or structure. Accordingly, the assessor
29 may assign more than one classification to a parcel
30 of property satisfying the requirements of this
31 subsection.

32 Sec. ____ . **NEW SECTION. 441.21A Commercial and**
33 **industrial property tax replacement fund — annual**
34 **legislative review.**

35 1. *a.* There is created as a permanent fund
36 in the office of the treasurer of state under the
37 control of the department of management a fund to be
38 known as the commercial and industrial property tax
39 replacement fund, and for the purpose of establishing
40 and maintaining this fund for each fiscal year there is
41 appropriated thereto from funds in the general fund not
42 otherwise appropriated the following amounts:

43 (1) For the fiscal year beginning July 1, 2013,
44 thirty million dollars.

45 (2) For the fiscal year beginning July 1, 2014,
46 sixty million dollars.

47 (3) For the fiscal year beginning July 1, 2015,
48 ninety million dollars.

49 (4) For the fiscal year beginning July 1, 2016, one
50 hundred twenty million dollars.

1 (5) For the fiscal year beginning July 1, 2017, and
2 each fiscal year thereafter, one hundred fifty million
3 dollars.

4 b. If an amount appropriated for a fiscal year
5 is insufficient to pay all claims, the department of
6 management shall prorate the disbursements from the
7 fund to the county treasurers in the proportion that
8 the total assessed value of commercial and industrial
9 property located within the taxing district for taxes
10 payable in that fiscal year bears to the total assessed
11 value of all commercial and industrial property within
12 the state and located in an eligible taxing district.
13 The department of management shall notify the county
14 auditors of the pro rata percentage on or before July
15 15.

16 c. The replacement claims shall be paid to each
17 county treasurer in equal installments in September
18 and March of each year. The county treasurer shall
19 apportion the replacement claim payments among the
20 eligible taxing districts in the county.

21 d. Any balance in the commercial and industrial
22 property tax replacement fund on June 30 shall be
23 transferred to the taxpayers trust fund created in
24 section 8.57E and used for the purposes specified in
25 that section.

26 2. Beginning with the fiscal year beginning July
27 1, 2013, each county treasurer shall be paid from the
28 commercial and industrial property tax replacement fund
29 an amount, subject to the limitations of this section,
30 equal to the amount of the commercial and industrial
31 property tax replacement claim, as calculated in
32 subsection 4.

33 3. On or before March 1 of each year, the assessor
34 shall determine the total assessed value of all
35 commercial and industrial property assessed for taxes
36 payable in the next fiscal year and the total assessed
37 value of all commercial and industrial property
38 assessed as of January 1, 2011, and shall report the
39 valuations to the county auditor.

40 4. On or before May 15 of each year, the county
41 auditor shall prepare a statement, based upon the
42 report received pursuant to subsection 3, listing for
43 each taxing district in the county:

44 a. Beginning with the assessment year beginning
45 January 1, 2012, the difference between the assessed
46 valuation of all commercial and industrial property
47 for that year and the total assessed value of all
48 commercial and industrial property assessed as of
49 January 1, 2011. If the total assessed value of the
50 property assessed as of January 1, 2011, is less,

1 there is no commercial and industrial property tax
2 replacement for the fiscal year.

3 **b.** The tax levy rate for each taxing district for
4 the current fiscal year. However, the applicable tax
5 levy rate for a school district shall be the total of
6 all levy rates for the school district for the current
7 fiscal year excluding the foundation property tax levy
8 under section 257.3, subsection 1.

9 **c.** The commercial and industrial property tax
10 replacement claim for each taxing district. For
11 fiscal years beginning on or after July 1, 2013, the
12 replacement claim is equal to seventy-five percent
13 of the amount determined pursuant to paragraph "a",
14 multiplied by the tax rate specified in paragraph "b".

15 **5.** The county auditor shall certify and forward one
16 copy of the statement to the department of management
17 not later than July 1 of each year.

18 **6.** For purposes of determining replacement amounts
19 under this section, that portion of an urban renewal
20 area defined as the sum of the assessed valuations
21 defined in section 403.19, subsections 1 and 2, shall
22 be considered a taxing district. The amount of the
23 replacement claim shall first be credited to the
24 portion of assessed value defined in section 403.19,
25 subsection 2. The amount not allocated to that portion
26 of assessed value defined in section 403.19, subsection
27 2, shall be credited to the portion of assessed value
28 defined in section 403.19, subsection 1.

29 **7.** The committee on ways and means of the senate
30 and the committee on ways and means of the house of
31 representatives shall each conduct an annual review of
32 the implementation and fiscal impact of the commercial,
33 industrial, and railway property assessment limitations
34 established under section 441.21, subsection 5, on
35 local taxing authorities in this state.

36 **Sec. ____.** SAVINGS PROVISION. This division of this
37 Act, pursuant to section 4.13, does not affect the
38 operation of, or prohibit the application of, prior
39 provisions of section 441.21, or rules adopted under
40 chapter 17A to administer prior provisions of section
41 441.21, for assessment years beginning before January
42 1, 2012, and for duties, powers, protests, appeals,
43 proceedings, actions, or remedies attributable to an
44 assessment year beginning before January 1, 2012.

45 **Sec. ____.** APPLICABILITY. This division of this Act
46 applies to property tax assessment years beginning on
47 or after January 1, 2012.

48 DIVISION ____

49 COUNTY AND CITY BUDGET LIMITATION

50 **Sec. ____.** Section 23A.2, subsection 10, paragraph

1 h, Code 2011, is amended to read as follows:

2 *h.* The performance of an activity listed in
3 section 331.424, Code 2011, as a service for which a
4 ~~supplemental levy county may be certified~~ include in
5 its budget.

6 Sec. ____. Section 28M.5, subsection 2, Code 2011,
7 is amended to read as follows:

8 2. If a regional transit district budget allocates
9 revenue responsibilities to the board of supervisors
10 of a participating county, the amount of the regional
11 transit district levy that is the responsibility of the
12 participating county shall be deducted from the maximum
13 rates amount of taxes authorized to be levied by the
14 county pursuant to section 331.423, ~~subsections 1 and~~
15 ~~2~~ subsection 3, paragraphs "b" and "c", as applicable,
16 unless the county meets its revenue responsibilities as
17 allocated in the budget from other available revenue
18 sources. However, for a regional transit district
19 that includes a county with a population of less than
20 three hundred thousand, the amount of the regional
21 transit district levy that is the responsibility of
22 such participating county shall be deducted from the
23 maximum rate amount of taxes authorized to be levied
24 by the county pursuant to section 331.423, subsection
25 ~~1~~ 3, paragraph "b".

26 Sec. ____. Section 123.38, subsection 2, Code 2011,
27 is amended to read as follows:

28 2. Any licensee or permittee, or the licensee's
29 or permittee's executor or administrator, or any
30 person duly appointed by the court to take charge of
31 and administer the property or assets of the licensee
32 or permittee for the benefit of the licensee's or
33 permittee's creditors, may voluntarily surrender a
34 license or permit to the division. When a license
35 or permit is surrendered the division shall notify
36 the local authority, and the division or the local
37 authority shall refund to the person surrendering the
38 license or permit, a proportionate amount of the fee
39 received by the division or the local authority for
40 the license or permit as follows: if a license or
41 permit is surrendered during the first three months
42 of the period for which it was issued, the refund
43 shall be three-fourths of the amount of the fee;
44 if surrendered more than three months but not more
45 than six months after issuance, the refund shall be
46 one-half of the amount of the fee; if surrendered more
47 than six months but not more than nine months after
48 issuance, the refund shall be one-fourth of the amount
49 of the fee. No refund shall be made, however, for
50 any special liquor permit, nor for a liquor control

1 license, wine permit, or beer permit surrendered more
2 than nine months after issuance. For purposes of this
3 subsection, any portion of license or permit fees
4 used for the purposes authorized in section 331.424,
5 subsection 1, paragraph "a", subparagraphs (1) and
6 (2), Code 2011, and in section 331.424A, shall not be
7 deemed received either by the division or by a local
8 authority. No refund shall be made to any licensee or
9 permittee, upon the surrender of the license or permit,
10 if there is at the time of surrender, a complaint filed
11 with the division or local authority, charging the
12 licensee or permittee with a violation of this chapter.
13 If upon a hearing on a complaint the license or permit
14 is not revoked or suspended, then the licensee or
15 permittee is eligible, upon surrender of the license
16 or permit, to receive a refund as provided in this
17 section; but if the license or permit is revoked or
18 suspended upon hearing the licensee or permittee is not
19 eligible for the refund of any portion of the license
20 or permit fee.

21 Sec. _____. Section 218.99, Code 2011, is amended to
22 read as follows:

23 **218.99 Counties to be notified of patients' personal**
24 **accounts.**

25 The administrator in control of a state institution
26 shall direct the business manager of each institution
27 under the administrator's jurisdiction ~~which is~~
28 ~~mentioned in section 331.424, subsection 1, paragraph~~
29 ~~"a", subparagraphs (1) and (2), and for which services~~
30 are paid under section 331.424A, to quarterly inform
31 the county of legal settlement's entity designated to
32 perform the county's central point of coordination
33 process of any patient or resident who has an amount
34 in excess of two hundred dollars on account in the
35 patients' personal deposit fund and the amount on
36 deposit. The administrators shall direct the business
37 manager to further notify the entity designated to
38 perform the county's central point of coordination
39 process at least fifteen days before the release of
40 funds in excess of two hundred dollars or upon the
41 death of the patient or resident. If the patient or
42 resident has no county of legal settlement, notice
43 shall be made to the director of human services and the
44 administrator in control of the institution involved.

45 Sec. _____. Section 331.263, subsection 2, Code 2011,
46 is amended to read as follows:

47 2. The governing body of the community commonwealth
48 shall have the authority to levy county taxes and shall
49 have the authority to levy city taxes to the extent the
50 city tax levy authority is transferred by the charter

1 to the community commonwealth. A city participating
2 in the community commonwealth shall transfer a portion
3 of the city's tax levy authorized under section 384.1
4 or 384.12, whichever is applicable, to the governing
5 body of the community commonwealth. The maximum
6 ~~rates amount~~ of taxes authorized to be levied under
7 ~~sections section~~ 384.1 and the maximum amount of taxes
8 ~~authorized to be levied under section~~ 384.12 by a city
9 participating in the community commonwealth shall be
10 reduced by an amount equal to the rates of the same or
11 similar taxes levied in the city by the governing body
12 of the community commonwealth.

13 Sec. _____. Section 331.301, subsection 12, Code
14 2011, is amended to read as follows:

15 12. The board of supervisors may credit funds to
16 a reserve for the purposes authorized by subsection
17 11 of this section; ~~section 331.424, subsection 1,~~
18 ~~paragraph "a", subparagraph (6);~~ and section 331.441,
19 subsection 2, paragraph "b". Moneys credited to the
20 reserve, and interest earned on such moneys, shall
21 remain in the reserve until expended for purposes
22 authorized by subsection 11 of this section; ~~section~~
23 ~~331.424, subsection 1, paragraph "a", subparagraph (6);~~
24 or section 331.441, subsection 2, paragraph "b".

25 Sec. _____. Section 331.421, subsections 1 and 10,
26 Code 2011, are amended by striking the subsections.

27 Sec. _____. Section 331.421, Code 2011, is amended by
28 adding the following new subsection:

29 **NEW SUBSECTION. 7A. "Item"** means a budgeted
30 expenditure, appropriation, or cash reserve from a
31 fund for a service area, program, program element, or
32 purpose.

33 Sec. _____. Section 331.423, Code 2011, is amended by
34 striking the section and inserting in lieu thereof the
35 following:

36 **331.423 Property tax dollars — maximums.**

37 1. Annually, the board shall determine separate
38 property tax levy limits to pay for general county
39 services and rural county services in accordance with
40 this section. The property tax levies separately
41 certified for general county services and rural county
42 services under section 331.434 shall not raise property
43 tax dollars that exceed the amount determined under
44 this section.

45 2. For purposes of this section and section
46 331.423B, unless the context otherwise requires:

47 a. "*Annual growth factor*" means an index, expressed
48 as a percentage, determined by the department of
49 management by January 1 of the calendar year in which
50 the budget year begins. In determining the annual

1 growth factor, the department shall calculate the
2 average of the preceding twelve-month percentage
3 change, which shall be computed on a monthly basis,
4 in the midwest consumer price index, ending with the
5 percentage change for the month of November. The
6 department shall then add that average percentage
7 change to one hundred percent. In no case, however,
8 shall the annual growth factor exceed one hundred four
9 percent.

10 *b. "Boundary adjustment"* means annexation,
11 severance, incorporation, or discontinuance as those
12 terms are defined in section 368.1.

13 *c. "Budget year"* is the fiscal year beginning
14 during the calendar year in which a budget is
15 certified.

16 *d. "Current fiscal year"* is the fiscal year
17 ending during the calendar year in which a budget is
18 certified.

19 *e. "Net new valuation taxes"* means the amount of
20 property tax dollars equal to the current fiscal year's
21 levy rate in the county for general county services or
22 for rural county services, as applicable, multiplied by
23 the increase from the current fiscal year to the budget
24 year in taxable valuation due to the following:

25 (1) Net new construction, excluding all incremental
26 valuation that is released in any one year from a
27 division of revenue under section 260E.4 or an urban
28 renewal area for which taxes were being divided under
29 section 403.19 if the property for the valuation being
30 released remains subject to the division of revenue
31 under section 260E.4 or remains part of the urban
32 renewal area that is subject to a division of revenue
33 under section 403.19.

34 (2) Additions or improvements to existing
35 structures.

36 (3) Remodeling of existing structures for which a
37 building permit is required.

38 (4) Net boundary adjustment.

39 (5) A municipality no longer dividing tax revenues
40 in an urban renewal area as provided in section 403.19
41 or a community college no longer dividing revenues as
42 provided in section 260E.4.

43 (6) That portion of taxable property located in an
44 urban revitalization area on which an exemption was
45 allowed and such exemption has expired.

46 3. *a.* For the fiscal year beginning July 1, 2012,
47 and subsequent fiscal years, the maximum amount of
48 property tax dollars which may be certified for levy by
49 a county for general county services and rural county
50 services shall be the maximum property tax dollars

1 calculated under paragraphs "b" and "c", respectively.

2 b. The maximum property tax dollars that may be
3 levied for general county services is an amount,
4 following the subtraction of replacement claim amounts
5 to be received under section 441.21A during the budget
6 year that are the result of the levy rate for general
7 county services, equal to the sum of the following:

8 (1) The annual growth factor times the sum of the
9 current fiscal year's maximum property tax dollars
10 for general county services and the amount of all
11 replacement claim amounts received under section
12 441.21A during the current fiscal year that are the
13 result of the levy rate for general county services.

14 (2) The amount of net new valuation taxes in the
15 county.

16 c. The maximum property tax dollars that may
17 be levied for rural county services is an amount,
18 following the subtraction of replacement claim amounts
19 to be received under section 441.21A during the budget
20 year that are the result of the levy rate for rural
21 county services, equal to the sum of the following:

22 (1) The annual growth factor times the sum of the
23 current fiscal year's maximum property tax dollars for
24 rural county services and the amount of all replacement
25 claim amounts received under section 441.21A during the
26 current fiscal year that are the result of the levy
27 rate for rural county services.

28 (2) The amount of net new valuation taxes in the
29 unincorporated area of the county.

30 4. a. For purposes of calculating maximum property
31 tax dollars for general county services for the fiscal
32 year beginning July 1, 2012, only, the term "*current*
33 *fiscal year's maximum property tax dollars*" shall mean
34 the total amount of property tax dollars certified by
35 the county for general county services for the fiscal
36 year beginning July 1, 2011.

37 b. For purposes of calculating maximum property tax
38 dollars for rural county services for the fiscal year
39 beginning July 1, 2012, only, the term "*current fiscal*
40 *year's maximum property tax dollars*" shall mean the
41 total amount of property tax dollars certified by the
42 county for rural county services for the fiscal year
43 beginning July 1, 2011.

44 5. Property taxes certified for deposit in the
45 mental health, mental retardation, and developmental
46 disabilities services fund in section 331.424A, the
47 emergency services fund in section 331.424C, the debt
48 service fund in section 331.430, any capital projects
49 fund established by the county for deposit of bond,
50 loan, or note proceeds, and any temporary increase

1 approved pursuant to section 331.424, are not included
2 in the maximum amount of property tax dollars that may
3 be certified for a budget year under subsection 3.

4 6. The department of management, in consultation
5 with the county finance committee, shall adopt rules
6 to administer this section. The department shall
7 prescribe forms to be used by counties when making
8 calculations required by this section.

9 Sec. ____ . NEW SECTION. 331.423B Ending fund
10 balance.

11 1. a. Budgeted ending fund balances for a budget
12 year in excess of twenty-five percent of budgeted
13 expenditures in either the general fund or rural
14 services fund for that budget year shall be explicitly
15 reserved or designated for a specific purpose.

16 b. A county is encouraged, but not required, to
17 reduce budgeted, unreserved, or undesignated ending
18 fund balances for the budget year to an amount equal
19 to approximately twenty-five percent of budgeted
20 expenditures and transfers from the general fund
21 and rural services fund for that budget year unless
22 a decision is certified by the state appeal board
23 ordering a reduction in the ending fund balance of any
24 of those funds.

25 c. In a protest to the county budget under section
26 331.436, the county shall have the burden of proving
27 that the budgeted balances in excess of twenty-five
28 percent are reasonably likely to be appropriated for
29 the explicitly reserved or designated specific purpose.
30 The excess budgeted balance for the specific purpose
31 shall be considered an increase in an item in the
32 budget for purposes of section 24.28.

33 2. a. For a county that has, as of June 30, 2011,
34 reduced its actual ending fund balance to less than
35 twenty-five percent of actual expenditures, additional
36 property taxes may be computed and levied as provided
37 in this subsection. The additional property tax levy
38 amount is an amount not to exceed twenty-five percent
39 of actual expenditures from the general fund and rural
40 services fund for the fiscal year beginning July 1,
41 2010, minus the combined ending fund balances for those
42 funds for that year.

43 b. The amount of the additional property taxes
44 shall be apportioned between the general fund and the
45 rural services fund. However, the amount apportioned
46 for general county services and for rural county
47 services shall not exceed for each fund twenty-five
48 percent of actual expenditures for the fiscal year
49 beginning July 1, 2010.

50 c. All or a portion of additional property tax

1 dollars may be levied for the purpose of increasing
2 cash reserves for general county services and rural
3 county services in the budget year. The additional
4 property tax dollars authorized under this subsection
5 but not levied may be carried forward as unused ending
6 fund balance taxing authority until and for the fiscal
7 year beginning July 1, 2017. The amount carried
8 forward shall not exceed twenty-five percent of the
9 maximum amount of property tax dollars available in
10 the current fiscal year. Additionally, property taxes
11 that are levied as unused ending fund balance taxing
12 authority under this subsection may be the subject of
13 a protest under section 331.436, and the amount will
14 be considered an increase in an item in the budget for
15 purposes of section 24.28. The amount of additional
16 property taxes levied under this subsection shall not
17 be included in the computation of the maximum amount of
18 property tax dollars which may be certified and levied
19 under section 331.423.

20 Sec. _____. Section 331.424, Code 2011, is amended by
21 striking the section and inserting in lieu thereof the
22 following:

23 **331.424 Authority to levy beyond maximum property**
24 **tax dollars.**

25 1. The board may certify additions to the maximum
26 amount of property tax dollars to be levied for
27 a period of time not to exceed two years if the
28 proposition has been submitted at a special election
29 and received a favorable majority of the votes cast on
30 the proposition.

31 2. The special election is subject to the
32 following:

33 a. The board must give at least thirty-two days'
34 notice to the county commissioner of elections that the
35 special election is to be held. In no case, however,
36 shall a notice be given to the county commissioner
37 of elections after December 31 for an election on a
38 proposition to exceed the statutory limits during the
39 fiscal year beginning in the next calendar year.

40 b. The special election shall be conducted by the
41 county commissioner of elections in accordance with
42 law.

43 c. The proposition to be submitted shall be
44 substantially in the following form:

45 Vote "yes" or "no" on the following: Shall the
46 county of _____ levy for an additional \$ _____ each
47 year for _____ years beginning July 1, _____, in excess
48 of the statutory limits otherwise applicable for the
49 (general county services or rural services) fund?

50 d. The canvass shall be held beginning at 1:00 p.m.

1 on the second day which is not a holiday following the
2 special election.

3 e. Notice of the special election shall be
4 published at least once in a newspaper as specified
5 in section 331.305 prior to the date of the special
6 election. The notice shall appear as early as
7 practicable after the board has voted to submit a
8 proposition to the voters to levy additional property
9 tax dollars.

10 3. Registered voters in the county may vote on the
11 proposition to increase property taxes for the general
12 fund in excess of the statutory limit. Registered
13 voters residing outside the corporate limits of a
14 city within the county may vote on the proposition to
15 increase property taxes for the rural services fund in
16 excess of the statutory limit.

17 4. The amount of additional property tax dollars
18 certified under this section shall not be included in
19 the computation of the maximum amount of property tax
20 dollars which may be certified and levied under section
21 331.423.

22 Sec. _____. Section 331.424A, subsection 4, Code
23 2011, is amended to read as follows:

24 4. For the fiscal year beginning July 1, 1996,
25 and for each subsequent fiscal year, the county shall
26 certify a levy for payment of services. For each
27 fiscal year, county revenues from taxes imposed by the
28 county credited to the services fund shall not exceed
29 an amount equal to the amount of base year expenditures
30 for services as defined in section 331.438, less the
31 amount of property tax relief to be received pursuant
32 to section 426B.2, in the fiscal year for which the
33 budget is certified. The county auditor and the
34 board of supervisors shall reduce the amount of the
35 levy certified for the services fund by the amount of
36 property tax relief to be received. A levy certified
37 under this section is not subject to ~~the appeal~~
38 ~~provisions of section 331.426 or to any other provision~~
39 in law authorizing a county to exceed, increase, or
40 appeal a property tax levy limit.

41 Sec. _____. Section 331.427, subsection 3, paragraph
42 1, Code 2011, is amended to read as follows:

43 1. Services listed in section 331.424, subsection
44 1, Code 2011, and section 331.554.

45 Sec. _____. Section 331.428, subsection 2, paragraph
46 d, Code 2011, is amended to read as follows:

47 d. Services listed under section 331.424,
48 subsection 2, Code 2011.

49 Sec. _____. Section 331.434, subsection 1, Code 2011,
50 is amended to read as follows:

1 1. The budget shall show the amount required for
2 each class of proposed expenditures, a comparison of
3 the amounts proposed to be expended with the amounts
4 expended for like purposes for the two preceding years,
5 the revenues from sources other than property taxation,
6 and the amount to be raised by property taxation, in
7 the detail and form prescribed by the director of the
8 department of management. For each county that has
9 established an urban renewal area, the budget shall
10 include estimated and actual tax increment financing
11 revenues and all estimated and actual expenditures of
12 the revenues, proceeds from debt and all estimated
13 and actual expenditures of the debt proceeds, and
14 identification of any entity receiving a direct payment
15 of taxes funded by tax increment financing revenues
16 and shall include the total amount of loans, advances,
17 indebtedness, or bonds outstanding at the close of
18 the most recently ended fiscal year, which qualify
19 for payment from the special fund created in section
20 403.19, including interest negotiated on such loans,
21 advances, indebtedness, or bonds. For purposes of this
22 subsection, "indebtedness" includes written agreements
23 whereby the county agrees to suspend, abate, exempt,
24 rebate, refund, or reimburse property taxes, provide a
25 grant for property taxes paid, or make a direct payment
26 of taxes, with moneys in the special fund. The amount
27 of loans, advances, indebtedness, or bonds shall be
28 listed in the aggregate for each county reporting. The
29 ~~county finance committee, in consultation with the~~
30 ~~department of management and the legislative services~~
31 ~~agency, shall determine reporting criteria and shall~~
32 ~~prepare a form for reports filed with the department~~
33 ~~pursuant to this section. The department shall make~~
34 ~~the information available by electronic means.~~

35 Sec. _____. Section 373.10, Code 2011, is amended to
36 read as follows:

37 **373.10 Taxing authority.**

38 The metropolitan council shall have the authority
39 to levy city taxes to the extent the city tax levy
40 authority is transferred by the charter to the
41 metropolitan council. A member city shall transfer
42 a portion of the city's tax levy authorized under
43 section 384.1 or 384.12, whichever is applicable, to
44 the metropolitan council. The maximum ~~rates~~ amount of
45 taxes authorized to be levied under ~~sections~~ section
46 384.1 and the taxes authorized to be levied under
47 section 384.12 by a member city shall be reduced by an
48 amount equal to the rates of the same or similar taxes
49 levied in the city by the metropolitan council.

50 Sec. _____. Section 384.1, Code 2011, is amended by

1 striking the section and inserting in lieu thereof the
2 following:

3 **384.1 Property tax dollars — maximums.**

4 1. A city shall certify taxes to be levied by the
5 city on all taxable property within the city limits,
6 for all city government purposes. Annually, the
7 city council may certify levies for city government
8 purposes, subject to the limitation on property tax
9 dollars provided in this section.

10 2. For purposes of this section and section 384.1B,
11 unless the context otherwise requires:

12 a. "*Annual growth factor*" means an index, expressed
13 as a percentage, determined by the department of
14 management by January 1 of the calendar year in which
15 the budget year begins. In determining the annual
16 growth factor, the department shall calculate the
17 average of the preceding twelve-month percentage
18 change, which shall be computed on a monthly basis,
19 in the midwest consumer price index, ending with the
20 percentage change for the month of November. The
21 department shall then add that average percentage
22 change to one hundred percent. In no case, however,
23 shall the annual growth factor exceed one hundred four
24 percent.

25 b. "*Boundary adjustment*" means annexation,
26 severance, incorporation, or discontinuance as those
27 terms are defined in section 368.1.

28 c. "*Budget year*" is the fiscal year beginning
29 during the calendar year in which a budget is
30 certified.

31 d. "*Current fiscal year*" is the fiscal year
32 ending during the calendar year in which a budget is
33 certified.

34 e. "*Net new valuation taxes*" means the amount of
35 property tax dollars equal to the current fiscal year's
36 levy rate in the city for the general fund and for the
37 trust and agency funds under section 384.6, subsection
38 1, multiplied by the increase from the current fiscal
39 year to the budget year in taxable valuation due to the
40 following:

41 (1) Net new construction, excluding all incremental
42 valuation that is released in any one year from a
43 division of revenue under section 260E.4 or an urban
44 renewal area for which taxes were being divided under
45 section 403.19 if the property for the valuation being
46 released remains subject to the division of revenue
47 under section 260E.4 or remains part of the urban
48 renewal area that is subject to a division of revenue
49 under section 403.19.

50 (2) Additions or improvements to existing

1 structures.

2 (3) Remodeling of existing structures for which a
3 building permit is required.

4 (4) Net boundary adjustment.

5 (5) A municipality no longer dividing tax revenues
6 in an urban renewal area as provided in section 403.19
7 or a community college no longer dividing revenues as
8 provided in section 260E.4.

9 (6) That portion of taxable property located in an
10 urban revitalization area on which an exemption was
11 allowed and such exemption has expired.

12 3. a. For the fiscal year beginning July 1, 2012,
13 and subsequent fiscal years, the maximum amount of
14 property tax dollars which may be certified for levy by
15 a city for the general fund and for the city's trust
16 and agency funds under section 384.6, subsection 1,
17 shall be the maximum property tax dollars calculated
18 under paragraph "b".

19 b. The maximum property tax dollars that may be
20 levied for deposit in the general fund and the city's
21 trust and agency funds under section 384.6, subsection
22 1, is an amount, following the subtraction of
23 replacement claim amounts to be received under section
24 441.21A during the budget year that are the result of
25 the levy rates for the general fund and for the trust
26 and agency funds under section 384.6, subsection 1,
27 equal to the sum of the following:

28 (1) The annual growth factor times the sum of the
29 current fiscal year's maximum property tax dollars
30 for the general fund, the trust and agency funds
31 under section 384.6, subsection 1, and the amount of
32 all replacement claim amounts received under section
33 441.21A during the current fiscal year that are the
34 result of the levy rates for the general fund and
35 for the trust and agency funds under section 384.6,
36 subsection 1.

37 (2) The amount of net new valuation taxes in the
38 city.

39 4. For purposes of calculating maximum property tax
40 dollars for the city general fund for the fiscal year
41 beginning July 1, 2012, only, the term "*current fiscal*
42 *year's maximum property tax dollars*" shall mean the sum
43 of the total amount of property tax dollars certified
44 by the city for the city's general fund and the city's
45 trust and agency funds under section 384.6, subsection
46 1, for the fiscal year beginning July 1, 2011.

47 5. Property taxes certified for deposit in the debt
48 service fund in section 384.4, capital improvements
49 reserve fund in section 384.7, the emergency fund in
50 section 384.8, any capital projects fund established by

1 the city for deposit of bond, loan, or note proceeds,
2 any temporary increase approved pursuant to section
3 384.12A, property taxes collected from a voted levy
4 in section 384.12, and property taxes levied under
5 section 384.12, subsection 18, are not counted against
6 the maximum amount of property tax dollars that may be
7 certified for a fiscal year under subsection 3.

8 6. Notwithstanding the maximum amount of taxes
9 a city may certify for levy, the tax levied by a
10 city on tracts of land and improvements on the
11 tracts of land used and assessed for agricultural or
12 horticultural purposes shall not exceed three dollars
13 and three-eighths cents per thousand dollars of
14 assessed value in any year. Improvements located on
15 such tracts of land and not used for agricultural or
16 horticultural purposes and all residential dwellings
17 are subject to the same rate of tax levied by the city
18 on all other taxable property within the city.

19 7. The department of management, in consultation
20 with the city finance committee, shall adopt rules
21 to administer this section. The department shall
22 prescribe forms to be used by cities when making
23 calculations required by this section.

24 Sec. ____ . NEW SECTION. 384.1B Ending fund balance.

25 1. a. Budgeted ending fund balances for a budget
26 year in excess of twenty-five percent of budgeted
27 expenditures from the general fund for that budget
28 year shall be explicitly reserved or designated for a
29 specific purpose.

30 b. A city is encouraged, but not required, to
31 reduce budgeted, unreserved, or undesignated ending
32 fund balances for the budget year to an amount equal
33 to approximately twenty-five percent of budgeted
34 expenditures and transfers from the general fund for
35 that budget year unless a decision is certified by the
36 state appeal board ordering a reduction in the ending
37 fund balance of the fund.

38 c. In a protest to the city budget under section
39 384.19, the city shall have the burden of proving
40 that the budgeted balances in excess of twenty-five
41 percent are reasonably likely to be appropriated for
42 the explicitly reserved or designated specific purpose.
43 The excess budgeted balance for the specific purpose
44 shall be considered an increase in an item in the
45 budget for purposes of section 24.28.

46 2. a. For a city that has, as of June 30,
47 2011, reduced its ending fund balance to less than
48 twenty-five percent of actual expenditures, additional
49 property taxes may be computed and levied as provided
50 in this subsection. The additional property tax levy

1 amount is an amount not to exceed the difference
2 between twenty-five percent of actual expenditures for
3 city government purposes for the fiscal year beginning
4 July 1, 2010, minus the ending fund balance for that
5 year.

6 b. All or a portion of additional property tax
7 dollars may be levied for the purpose of increasing
8 cash reserves for city government purposes in the
9 budget year. The additional property tax dollars
10 authorized under this subsection but not levied may be
11 carried forward as unused ending fund balance taxing
12 authority until and for the fiscal year beginning
13 July 1, 2017. The amount carried forward shall not
14 exceed twenty-five percent of the maximum amount of
15 property tax dollars available in the current fiscal
16 year. Additionally, property taxes that are levied
17 as unused ending fund balance taxing authority under
18 this subsection may be the subject of a protest under
19 section 384.19, and the amount will be considered an
20 increase in an item in the budget for purposes of
21 section 24.28. The amount of additional property tax
22 dollars levied under this subsection shall not be
23 included in the computation of the maximum amount of
24 property tax dollars which may be certified and levied
25 under section 384.1.

26 Sec. _____. Section 384.6, subsection 1, unnumbered
27 paragraph 1, Code 2011, is amended to read as follows:

28 Accounting for pension and related employee benefit
29 funds as provided by the city finance committee. A
30 city may, subject to the limitations of section 384.1,
31 certify taxes to be levied for a trust and agency fund
32 in the amount necessary to meet its obligations.

33 Sec. _____. Section 384.12, subsection 20, Code 2011,
34 is amended by striking the subsection.

35 Sec. _____. **NEW SECTION. 384.12A Authority to levy**
36 **beyond maximum property tax dollars.**

37 1. The city council may certify additions to the
38 maximum amount of property tax dollars to be levied
39 for a period of time not to exceed two years if the
40 proposition has been submitted at a special election
41 and received a favorable majority of the votes cast on
42 the proposition.

43 2. The special election is subject to the
44 following:

45 a. The city council must give at least thirty-two
46 days' notice to the county commissioner of elections
47 that the special election is to be held. In no
48 case, however, shall a notice be given to the county
49 commissioner of elections after December 31 for an
50 election on a proposition to exceed the statutory

1 limits during the fiscal year beginning in the next
2 calendar year.

3 *b.* The special election shall be conducted by the
4 county commissioner of elections in accordance with
5 law.

6 *c.* The proposition to be submitted shall be
7 substantially in the following form:

8 Vote "yes" or "no" on the following: Shall the city
9 of _____ levy for an additional \$ _____ each year
10 for _____ years beginning next July 1, _____, in excess of
11 the statutory limits otherwise applicable for the city
12 general fund and the city trust and agency funds?

13 *d.* The canvass shall be held beginning at 1:00 p.m.
14 on the second day which is not a holiday following the
15 special election.

16 *e.* Notice of the special election shall be
17 published at least once in a newspaper as specified
18 in section 362.3 prior to the date of the special
19 election. The notice shall appear as early as
20 practicable after the city council has voted to submit
21 a proposition to the voters to levy additional property
22 tax dollars.

23 3. The amount of additional property tax dollars
24 certified under this section shall not be included in
25 the computation of the maximum amount of property tax
26 dollars which may be certified and levied under section
27 384.1.

28 Sec. _____. Section 384.16, subsection 1, paragraph
29 *b.*, Code 2011, is amended to read as follows:

30 *b.* A budget must show comparisons between the
31 estimated expenditures in each program in the following
32 year, the latest estimated expenditures in each program
33 in the current year, and the actual expenditures in
34 each program from the annual report as provided in
35 section 384.22, or as corrected by a subsequent audit
36 report. Wherever practicable, as provided in rules
37 of the committee, a budget must show comparisons
38 between the levels of service provided by each program
39 as estimated for the following year, and actual
40 levels of service provided by each program during
41 the two preceding years. For each city that has
42 established an urban renewal area, the budget shall
43 include estimated and actual tax increment financing
44 revenues and all estimated and actual expenditures of
45 the revenues, proceeds from debt and all estimated
46 and actual expenditures of the debt proceeds, and
47 identification of any entity receiving a direct payment
48 of taxes funded by tax increment financing revenues
49 and shall include the total amount of loans, advances,
50 indebtedness, or bonds outstanding at the close of

1 the most recently ended fiscal year, which qualify
2 for payment from the special fund created in section
3 403.19, including interest negotiated on such loans,
4 advances, indebtedness, or bonds. The amount of loans,
5 advances, indebtedness, or bonds shall be listed in the
6 aggregate for each city reporting. ~~The city finance
7 committee, in consultation with the department of
8 management and the legislative services agency, shall
9 determine reporting criteria and shall prepare a form
10 for reports filed with the department pursuant to this
11 section. The department shall make the information
12 available by electronic means.~~

13 Sec. _____. Section 384.19, Code 2011, is amended by
14 adding the following new unnumbered paragraph:

15 NEW UNNUMBERED PARAGRAPH. For purposes of a tax
16 protest filed under this section, "*item*" means a
17 budgeted expenditure, appropriation, or cash reserve
18 from a fund for a service area, program, program
19 element, or purpose.

20 Sec. _____. Section 386.8, Code 2011, is amended to
21 read as follows:

22 **386.8 Operation tax.**

23 A city may establish a self-supported improvement
24 district operation fund, and may certify taxes not
25 to exceed the rate limitation as established in the
26 ordinance creating the district, or any amendment
27 thereto, each year to be levied for the fund against
28 all of the property in the district, for the purpose
29 of paying the administrative expenses of the district,
30 which may include but are not limited to administrative
31 personnel salaries, a separate administrative office,
32 planning costs including consultation fees, engineering
33 fees, architectural fees, and legal fees and all other
34 expenses reasonably associated with the administration
35 of the district and the fulfilling of the purposes of
36 the district. The taxes levied for this fund may also
37 be used for the purpose of paying maintenance expenses
38 of improvements or self-liquidating improvements for a
39 specified length of time with one or more options to
40 renew if such is clearly stated in the petition which
41 requests the council to authorize construction of the
42 improvement or self-liquidating improvement, whether
43 or not such petition is combined with the petition
44 requesting creation of a district. Parcels of property
45 which are assessed as residential property for property
46 tax purposes are exempt from the tax levied under this
47 section except residential properties within a duly
48 designated historic district. A tax levied under
49 this section is not subject to the levy limitation in
50 section 384.1.

1 Sec. _____. Section 386.9, Code 2011, is amended to
2 read as follows:

3 **386.9 Capital improvement tax.**

4 A city may establish a capital improvement fund
5 for a district and may certify taxes, not to exceed
6 the rate established by the ordinance creating the
7 district, or any subsequent amendment thereto,
8 each year to be levied for the fund against all of
9 the property in the district, for the purpose of
10 accumulating moneys for the financing or payment
11 of a part or all of the costs of any improvement or
12 self-liquidating improvement. However, parcels of
13 property which are assessed as residential property
14 for property tax purposes are exempt from the tax
15 levied under this section except residential properties
16 within a duly designated historic district. A tax
17 levied under this section is not subject to the levy
18 limitations in section 384.1 or 384.7.

19 Sec. _____. REPEAL. Sections 331.425 and 331.426,
20 Code 2011, are repealed.

21 Sec. _____. APPLICABILITY. This division of this
22 Act applies to fiscal years beginning on or after July
23 1, 2012.

24 DIVISION _____
25 INCOME TAX

26 EARNED INCOME TAX CREDIT

27 Sec. _____. Section 422.12B, subsection 1, Code 2011,
28 is amended to read as follows:

29 1. The taxes imposed under this division less the
30 credits allowed under section 422.12 shall be reduced
31 by an earned income credit equal to ~~seven~~ ten percent
32 of the federal earned income credit provided in section
33 32 of the Internal Revenue Code. Any credit in excess
34 of the tax liability is refundable.

35 Sec. _____. RETROACTIVE APPLICABILITY. This division
36 of this Act applies retroactively to January 1, 2011,
37 for tax years beginning on or after that date.

38 DIVISION _____
39 INCOME TAX

40 SCHOOL TUITION ORGANIZATION TAX CREDITS

41 Sec. _____. Section 422.11S, subsection 7, paragraph
42 a, subparagraph (2), Code 2011, is amended to read as
43 follows:

44 (2) *"Total approved tax credits"* means ~~for the~~
45 ~~tax year beginning in the 2006 calendar year, two~~
46 ~~million five hundred thousand dollars, for the tax~~
47 ~~year beginning in the 2007 calendar year, five million~~
48 ~~dollars, and for tax years beginning on or after~~
49 ~~January 1, 2008, seven million five hundred thousand~~
50 ~~dollars.~~ the following:

1 (a) For tax years beginning on or after January 1,
2 2008, and before January 1, 2012, seven million five
3 hundred thousand dollars.

4 (b) For the tax year beginning on or after January
5 1, 2012, and before January 1, 2013, eight million
6 seven hundred fifty thousand dollars.

7 (c) For tax years beginning on or after January 1,
8 2013, ten million dollars.

9 DIVISION _____

10 INCOME TAX

11 TEACHER EXPENSES

12 Sec. _____. Section 422.7, Code 2011, is amended by
13 adding the following new subsection:

14 NEW SUBSECTION. 54. A taxpayer is allowed to
15 take the deduction for certain expenses of elementary
16 and secondary school teachers allowed under section
17 62(a)(2)(D) of the Internal Revenue Code, as amended
18 by the federal Emergency Economic Stabilization Act of
19 2008, Pub. L. No. 110-343, in computing net income for
20 state tax purposes.

21 Sec. _____. REFUNDS. Notwithstanding any provision
22 to the contrary in section 422.25, subsection 3,
23 a taxpayer who files an amended return in the time
24 permitted by statute to claim a refund related to the
25 allowance of the deduction enacted in this division of
26 this Act is only entitled to a refund of the amount
27 paid that is in excess of tax liability. The taxpayer
28 shall not be entitled to interest on such excess.

29 Sec. _____. EFFECTIVE DATE AND RETROACTIVE
30 APPLICABILITY. This division of this Act, being deemed
31 of immediate importance, takes effect upon enactment
32 and applies retroactively to January 1, 2008, for
33 tax years beginning on or after that date and before
34 January 1, 2009.

35 DIVISION _____

36 INCOME TAX

37 QUALIFIED HIGHER EDUCATION EXPENSES

38 Sec. _____. Section 422.7, Code 2011, is amended by
39 adding the following new subsection:

40 NEW SUBSECTION. 54. A taxpayer is allowed to
41 take the deduction for qualified tuition and related
42 expenses allowed under section 222 of the Internal
43 Revenue Code, as amended by the federal Emergency
44 Economic Stabilization Act of 2008, Pub. L. No.
45 110-343, in computing net income for state tax
46 purposes.

47 Sec. _____. REFUNDS. Notwithstanding any provision
48 to the contrary in section 422.25, subsection 3,
49 a taxpayer who files an amended return in the time
50 permitted by statute to claim a refund related to the

1 allowance of the deduction enacted in this division of
2 this Act is only entitled to a refund of the amount
3 paid that is in excess of tax liability. The taxpayer
4 shall not be entitled to interest on such excess.

5 Sec. ____ . EFFECTIVE DATE AND RETROACTIVE
6 APPLICABILITY. This division of this Act, being deemed
7 of immediate importance, takes effect upon enactment
8 and applies retroactively to January 1, 2008, for
9 tax years beginning on or after that date and before
10 January 1, 2009.

11 DIVISION ____
12 INCOME TAX

13 STATE SALES/USE TAX DEDUCTION

14 Sec. ____ . Section 422.9, subsection 2, paragraph i,
15 Code 2011, is amended to read as follows:

16 *i.* The deduction for state sales and use taxes
17 is allowable only if the taxpayer elected to deduct
18 the state sales and use taxes in lieu of state income
19 taxes under section 164 of the Internal Revenue Code.
20 A deduction for state sales and use taxes is not
21 allowed if the taxpayer has taken the deduction for
22 state income taxes or claimed the standard deduction
23 under section 63 of the Internal Revenue Code. This
24 paragraph applies to taxable years beginning after
25 December 31, 2003, and before January 1, ~~2006~~ 2009, and
26 to taxable years beginning after December 31, 2009, and
27 before January 1, 2012.

28 Sec. ____ . REFUNDS. Notwithstanding any provision
29 to the contrary in section 422.25, subsection 3,
30 a taxpayer who files an amended return in the time
31 permitted by statute to claim a refund related to the
32 allowance of the deduction enacted in this division of
33 this Act is only entitled to a refund of the amount
34 paid that is in excess of tax liability. The taxpayer
35 shall not be entitled to interest on such excess.

36 Sec. ____ . EFFECTIVE DATE AND RETROACTIVE
37 APPLICABILITY. This division of this Act, being deemed
38 of immediate importance, takes effect upon enactment
39 and applies retroactively to tax years beginning on or
40 after January 1, 2006, and before January 1, 2009, and
41 to tax years beginning on or after January 1, 2010, and
42 before January 1, 2012.

43 DIVISION ____
44 INCOME TAX

45 SPECIAL FILING PROVISIONS

46 Sec. ____ . SPECIAL FILING PROVISIONS.
47 1. Adjustments by individuals to federal adjusted
48 gross income and by corporations to federal taxable
49 income for tax returns filed prior to the enactment of
50 2011 Iowa Acts, Senate File 512, may be required as a

1 result of the provisions of divisions ___ through ___
2 of this Act. These adjustments are as follows:
3 a. The increased expensing allowance authorized in
4 section 179(b) of the Internal Revenue Code for tax
5 years beginning on or after January 1, 2010, but before
6 January 1, 2011.
7 b. The deduction for qualified tuition and related
8 expenses allowed under section 222 of the Internal
9 Revenue Code.

10 c. The deduction for certain expenses of elementary
11 and secondary school teachers allowed under section
12 62(a)(2)(D) of the Internal Revenue Code.

13 2. In lieu of filing an amended tax return,
14 taxpayers may make the adjustments, pursuant to rules
15 adopted by the director of revenue, on the next return
16 filed subsequent to the enactment of 2011 Iowa Acts,
17 Senate File 512. If the taxpayer elects not to file
18 an amended return, these provisions are suspended with
19 regard to the following adjustments otherwise available
20 as a result of this Act.

21 a. The limitation based on income provisions
22 and regulations of section 179(b)(3) of the Internal
23 Revenue Code with regard to the section 179(b)
24 adjustment.

25 b. The applicable dollar limit provisions of
26 section 222(b)(2)(B) of the Internal Revenue Code with
27 regard to the section 222 adjustment.

28 DIVISION ___
29 INCOME TAX

30 WITHHOLDING AGREEMENTS

31 Sec. ___. Section 403.19A, subsection 1, paragraphs
32 c and f, Code 2011, are amended to read as follows:

33 c. "*Employer*" means a business creating or
34 retaining targeted jobs in an urban renewal area of a
35 pilot project city pursuant to a withholding agreement.

36 f. "*Targeted job*" means a job in a business which
37 is or will be located in an urban renewal area of a
38 pilot project city that pays a wage at least equal to
39 the countywide average wage. "*Targeted job*" includes
40 new or retained jobs from Iowa business expansions
41 or retentions within the city limits of the pilot
42 project city and those jobs resulting from established
43 out-of-state businesses, as defined by the department
44 of economic development, moving to or expanding in
45 Iowa.

46 Sec. ___. Section 403.19A, subsection 3, paragraph
47 c, subparagraph (1), Code 2011, is amended to read as
48 follows:

49 (1) The pilot project city shall enter into a
50 withholding agreement with each employer concerning

1 the targeted jobs withholding credit. The withholding
2 agreement shall provide for the total amount of
3 withholding tax credits awarded. An agreement shall
4 not provide for an amount of withholding credits that
5 exceeds the amount of the qualifying investment made in
6 the project. An agreement shall not be entered into by
7 a pilot project city with a business currently located
8 in this state unless the business either creates or
9 retains ten new jobs or makes a qualifying investment
10 of at least five hundred thousand dollars within
11 the urban renewal area. The withholding agreement
12 may have a term of up to ten years. An employer
13 shall not be obligated to enter into a withholding
14 agreement. An agreement shall not be entered into with
15 an employer not already located in a pilot project
16 city when another Iowa community is competing for the
17 same project and both the pilot project city and the
18 other Iowa community are seeking assistance from the
19 department.

20 Sec. _____. Section 403.19A, subsection 3, paragraph
21 f, Code 2011, is amended to read as follows:

22 f. If the employer ceases to meet the requirements
23 of the withholding agreement, the agreement shall be
24 terminated and any withholding tax credits for the
25 benefit of the employer shall cease. However, in
26 regard to the number of ~~new~~ jobs that are to be created
27 or retained, if the employer has met the number of
28 ~~new~~ jobs to be created or retained pursuant to the
29 withholding agreement and subsequently the number of
30 ~~new~~ jobs falls below the required level, the employer
31 shall not be considered as not meeting the ~~new~~ job
32 requirement until eighteen months after the date of the
33 decrease in the number of ~~new~~ jobs created or retained.

34 Sec. _____. EFFECTIVE UPON ENACTMENT AND RETROACTIVE
35 APPLICABILITY. This division of this Act, being
36 deemed of immediate importance, takes effect upon
37 enactment and applies retroactively to July 1, 2006,
38 for agreements entered into on or after that date.

39 DIVISION _____
40 INCOME TAX

41 DISASTER-RELATED PERSONAL CASUALTY LOSS DEDUCTIONS

42 Sec. _____. Section 422.9, Code 2011, is amended by
43 adding the following new subsection:

44 NEW SUBSECTION. 9. A taxpayer is allowed to take
45 the deduction for disaster-related casualty losses
46 under section 165(h) of the Internal Revenue Code, as
47 modified by the Heartland Disaster Relief Act of 2008,
48 Pub. L. No. 110-343, in computing net income for state
49 tax purposes.

50 Sec. _____. Notwithstanding any provision to the

1 contrary in section 422.25, subsection 3, a taxpayer
2 who files an amended return in the time permitted by
3 statute to claim a refund related to the allowance of
4 the deduction enacted in this division of this Act is
5 only entitled to a refund of the amount paid that is
6 in excess of tax liability. The taxpayer shall not be
7 entitled to interest on such excess.

8 Sec. ____ . EFFECTIVE DATE AND RETROACTIVE
9 APPLICABILITY. This division of this Act, being deemed
10 of immediate importance, takes effect upon enactment
11 and applies retroactively to January 1, 2008, for
12 tax years beginning on or after that date and before
13 January 1, 2009.>

14 2. By renumbering, redesignating, and correcting
15 internal references as necessary.

COMMITTEE ON WAYS AND MEANS
SANDS of Louisa, Chairperson